

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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| IN RE: | § | Chapter 11 |
| | § | |
| BIG LOTS, INC., <i>et al.</i>,¹ | § | Case No. 24-11967 (JKS) |
| | § | |
| Debtors. | § | Jointly Administered |
| | § | |

**JOINT LIMITED OBJECTION OF THE TEXAS TAX AUTHORITIES TO THE
DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)
AUTHORIZING DEBTORS TO ASSUME THE SERVICES AGREEMENT, (II)
AUTHORIZING STORE CLOSING SALES AND APPROVING RELATED
PROCEDURES, AND (III) GRANTING RELATED RELIEF
(Relates to Document 16 and 134)**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COME NOW the Texas Tax Authorities,² secured creditors and parties in interest and file this Joint Limited Objection to Debtors' *Motion for Entry of Interim and Final Orders (I)*

¹ The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective employer identification numbers, are as follows: Great Basin, LLC (6158); Big Lots, Inc. (9097); Big Lots Management, LLC (7948); Consolidated Property Holdings, LLC (0984); Broyhill LLC (7868); Big Lots Stores - PNS, LLC (5262); Big Lots Stores, LLC (6811); BLBO Tenant, LLC (0552); Big Lots Stores - CSR, LLC (6182); CSC Distribution LLC (8785); Closeout Distribution, LLC (0309); Durant DC, LLC (2033); AVDC, LLC (3400); GAFDC LLC (8673); PAFDC LLC (2377); WAFDC, LLC (6163); INFDC, LLC (2820); Big Lots eCommerce LLC (9612); and Big Lots F&S, LLC (3277). The address of the debtors' corporate headquarters is 4900 E. Dublin Granville Road, Columbus, OH 43081.

² Texas Taxing Authorities is defined as all ad valorem taxing jurisdictions represented by the firms of Linebarger Goggan Blair and Sampson, LLP, Perdue Brandon Fielder Collins and Mott LLP, and McCreary Veselka Bragg and Allen including but not limited to Angelina County, Bexar County, Cameron County, City of Carrollton, Cypress-Fairbanks Independent School District, Dallas County, Ector CAD, City of El Paso, Fort Bend County, City of Frisco, Gainesville Independent School District, Galveston County, Grayson County, Greenville Independent School District, Gregg County, Harris County ESD #08, Harris County ESD #09, Harris County ESD #11, Harris County ESD #12, Harris County ESD #29, Harris County ESD #48, Hidalgo County, Hood CAD, City of Houston (for accounts represented by Linebarger), Houston Community College System, Houston Independent School District, City of Humble, Irving Independent School District, Jefferson County, Kerr County, Lamar CAD, Lewisville Independent School District, Little Elm Independent School District, Lone Star College System, City of McAllen, Montgomery County, Nueces County, Orange County, Parker CAD, City of Pasadena, Rockwall CAD, San Patricio County, Sherman Independent School District, City of Stephenville, Stephenville Independent School District, Tarrant County, Tom Green CAD, Victoria County, City of Webster, Alief ISD, Bonham Independent School District, Brazoria County, Brownsville Independent School District, City of Burleson, Burleson Independent School District, Carrollton-Farmers Branch Independent School District, Clear Creek Independent School District, City of Cleburne, Cleburne Independent School District, Cooke County Appraisal District, Fort Bend County Levee Improvement District #2, Fort Bend Independent School District, Fountainhead MUD, Frisco Independent School District, Galena Park Independent School District, City of Garland, Garland Independent School District, City of Grapevine, Grapevine-Colleyville Independent School District, Harris County MUD #81, Harris County MUD

Authorizing Debtors to Assume the Services Agreement, (II) Authorizing Store Closing Sales and Approving Related Procedures, and (III) Granting Related Relief (the “Store Closing Motion”), and respectfully show as follows:

Background

1. The Texas Tax Authorities are political subdivisions of the State of Texas, authorized and required by the Texas Constitution and laws to levy and collect taxes on taxable personal and real property within their boundaries, in order to operate and discharge their public purposes.
2. The Texas Tax Authorities hold secured pre-petition tax claims for tax year 2024 in the estimated amount of \$1,243,691.14 (the “Tax Claims”). These claims are secured by tax liens on the tangible personal property of the Debtors within their taxing boundaries (the “Tax Liens”). The Tax Liens attach to the taxpayer’s property on January 1 of each tax year.
3. The Store Closing Motion at docket entry number 16 and the Interim Order signed on September 11, 2024, at docket entry number 134, propose to sell the assets of the Debtors free and clear of all liens, encumbrances, and other interests under 11 U.S.C. §363(f).

Limited Objection

4. The Texas Tax Authorities object to the Store Closing Motion in that it seeks to sell assets that are encumbered by the Tax Liens, free and clear without the consent of the Texas Tax Authorities and without providing adequate protection in the form of segregated funds.

#102, Harris County MUD #191, Harris County MUD #285, City of Houston (for accounts represented by Perdue Brandon), Hunt County, Johnson County, Kerrville Independent School District, Klein Independent School District, City of Lake Worth, Lubbock Central Appraisal District, Midland County, Nacogdoches County, Plano Independent School District, Potter County Tax Office, Randall County Tax Office, Reid Road MUD #1, Richardson Independent School District, Titus County Appraisal District, City of Tomball, Tomball Independent School District, Tyler Independent School District, Weslaco Independent School District, Wichita County Tax Office, Bell TAD, Bowie CAD, Brazos County, Brown CAD, Comal County, Denton County, Erath County, Harrison County and CAD, Midland CAD, Pine Tree ISD, Taylor County CAD, City of Waco and Waco ISD, Williamson County.

7. The sale of assets as proposed by the Store Closing Motion will create cash collateral proceeds to which the Tax Liens attach.
8. The Texas Tax Authorities object to the use of their cash collateral and the payment of proceeds from the sale of their collateral to any party whose interest is inferior to its Tax Liens, unless and until they are adequately protected.
9. The Texas Tax Authorities assert that the first proceeds from the sale of the Debtors' assets constituting collateral securing the payment of the 2024 taxes should be set aside in a segregated account sufficient to pay the 2024 taxes, as adequate protection for its Tax Claims.
10. Pursuant to 11 U.S.C. §363(c)(4), absent consent of a party with interest in the cash collateral, a segregated account shall be established to segregate the non-consenting party's cash collateral.
11. Counsel for the Texas Tax Authorities have attempted to confer with counsel for the Debtors to attempt to reach an agreement, but an agreement has not been reached.

Prayer

WHEREFORE, the Texas Tax Authorities respectfully request a final order approving the Store Closing Motion provide sufficient funds to pay their claims, plus interest at the applicable non-bankruptcy rate, set aside in a segregated account for the sole purpose of paying its claims. The Texas Tax Authorities further requests that the Court enter an order that the segregated funds not be paid to any other party until the claims of the Texas Tax Authorities have been paid in full, and grant them such other and further relief as is just and proper.

Dated: October 2, 2024

Respectfully submitted,
Attorneys for The Texas Tax Authorities

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing Joint Limited Objection has been sent to the parties listed below by email, first class mail, or by the Court's ECF notification system on this the 2nd day of October 2024.

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